

(Public Committee on Operations 4/30/15)

**The Port Authority of New York and New Jersey**  
**Committee on Operations Transcripts**  
**April 30, 2015**

[Chair J. Degnan] I'm going to call this meeting to order. If I could ask the audience to take their seats or stand in the back. We're now convening in public session. We'll start with committee meetings. The agenda has the Committee on Finance being the initial report, but Commissioner Bagger's been detained for a few minutes, so rather than keep you waiting, we'll start with the Committee on Operations, and then go back to Finance when Commissioner Bagger joins us. Today's meeting of Committee of Operations is being held in public session in its entirety. At this point, I'd ask the board secretary to advise those present of the composition of this committee and any commissioner recusals on the item before the committee at today's meeting.

[K. Eastman] Thank you, Mr. Chairman. The committee is composed of yourself as chairman, Vice Chairman Rechler as vice chair, and Commissioners Laufenberg, Lipper, and Steiner. All committee members are present for today's meeting, and there are no recusals required on the matter before the committee.

[Chair J. Degnan] Because this is new for us, could everybody hear Karen in the back?

[audience member] No. >>

[Chair J. Degnan] No. Is your mike on? >>

[K. Eastman] It was on. Yes.

[Chair J. Degnan] So I'm going to ask everybody to speak loudly until we get this system in a condition where we're heard. I would invite anybody who can't hear—I'll be watching the audience—to let me know if you can't hear just by raising your hand, and I'll urge the speaker to speak up. The matter for discussion today is the Newark Liberty International Airport energy conservation and phase five of the improvements. So is there a presentation to be made on this? Great. Thanks, Chris.

[C. Zeppie] Good morning, commissioners. Today I will bring you up to date on an initiative to implement energy conservation improvements at Newark Liberty International Airport and to seek authorization for the next phase of this program. While these projects utilize private energy service companies, also known as ESCOs, we are also pursuing energy conservation through the New York Power Authority's Energy Services Division and through utility programs such as PSE&G's Direct Install Program. These projects support Port Authority efforts to reduce operating expenses, advance Port Authority environmental and energy programs, and stimulate job creation and the regional economy. Today I am seeking authorization for the fifth phase of a Port Authority guaranteed energy savings program under which staff seek to direct an energy services company to implement certain energy conservation improvements at Newark Liberty International Airport. You may recall phases one through four provided for improvements at the Port Authority Bus Terminal PATH Journal Square Transportation Center, Newark

Stewart/JFK Airports, and TB&T facilities. The proposed improvements would be implemented by Honeywell Building Solutions through an existing call-in contract issued pursuant to a publicly advertised request for proposals process at a guaranteed maximum price of \$14.3 million. These improvements will yield guaranteed energy savings of approximately \$1.2 million annually and net savings of \$6.4 million over the average useful life of the improvements. The scope of work under the proposed authorization for Newark includes extensive lighting upgrades of difficult-to-access locations such as roadway lighting, high mass lighting in the parking lots, street lighting operated and maintained by the Port Authority. Over 3300 new lights would be installed. In addition to these locations, exterior lighting improvements would be implemented at parking lots E, F, P1-4, P6, terminals A and C, south cargo area, areas surrounding buildings 1, 79, and 80, and the Northeast Corridor. Interior lighting improvements would be implemented at the Northeast Corridor Station. At buildings 49, 80, terminal B and terminal C walkway, inefficient and old mechanical equipment would be upgraded to more energy efficient and reliable equipment. This includes control system upgrades, boilers, chillers, coils, fans, and air-handling units. Water conservation measures building envelope improvements would also be implemented to conserve resources and energy. Direct payment by the PA avoids the transaction cost and interest associated with external financing, which is an alternate Port Authority option under this program. For this project, it is anticipated that the lighting improvements and boiler replacements will qualify for incentives. This chart shows the expected performance of the portfolio of projects undertaken under the multifacility Guaranteed Energy Savings Program. With completion of all five phases, the program will achieve approximately \$4.7 million in annual energy savings and 17,000 tons of greenhouse gas emission reductions, the equivalent of powering approximately 1600 homes per year. The Port Authority program has been recognized for its innovative approach to achieve energy savings. In September 2014, the New York State Governor's Office selected the Port Authority for the Innovation and Excellence in Energy Management for the project of the Port Authority Bus Terminal and Lincoln Tunnel. The New York State Build Smart New York Program aims to reduce energy consumption by 20% in state government facilities by 2020. This slide shows the environmental and economic benefits for this Newark project in phase five. It should be also noted that these energy conservation projects advance state energy policy initiatives, such as New York State's Executive Order 88 and New Jersey's Energy Master Plan. Commissioners, I request that you advance this item to the full board for approval today. Thank you. >> Thanks, Chris. Are there any questions of the commissioners first?

[Comm. K. Lipper] First of all, it's a wonderful project. >>

[C. Zeppie] Thank you.

[Comm. K. Lipper] And well executed. I'd like to know on the—we have \$4.7 million annual projected return on the entire project? >>

[C. Zeppie] Yes.

[Comm. K. Lipper] Against what capital outlay is that, and what is our return on our investment annually?

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[C. Zeppie] I believe it's on the order of \$60 million. I don't have the exact figure in front of me, Commissioner.

[Comm. K. Lipper] So we're getting a very good return on our investment? >>

[C. Zeppie] Yes.

[Comm. K. Lipper] Good environment, it also pays well. Thanks. >>

[C. Zeppie] Thank you. Any other questions?

[Chair J. Degnan] I echo what Commissioner Lipper said about that.

[inaudible]

[Chair J. Degnan] Thank you, Murray. You're right. I'm learning too. I'd echo what Commissioner Lipper said about the scope of the project and the way in which it's been implemented and the return. If there are no other questions, I entertain a motion to approve this recommendation. So moved. >> Second. Is there any more discussion? If not, would the secretary please take a roll call vote? This is of the committee members who are not recused.

[K. Eastman] No, this will be voted on as part of the

[inaudible] later in the board meeting.

[Chair J. Degnan] So you're advancing it to the full board for approval, the committee is. All right. Do you need a vote?

[K. Eastman] You usually have a sense of the committee that, yes, they're willing to move it forward.

[Chair J. Degnan] All right, then let's take our vote.

[K. Eastman] It doesn't need to be roll call. It just has to be seconded.

[Chair J. Degnan] I'll tell you what, let's make it a roll call vote of the committee.

[K. Eastman] Make the roll call vote in committee? >>

[Chair J. Degnan] Yeah.

[K. Eastman] Okay.

[Chair J. Degnan] If in doubt, do a roll call. >>

[K. Eastman] Okay.

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[K. Eastman] Chairman Degnan? >>

[Chair J. Degnan] Yes.

[K. Eastman] Vice Chairman Rechler? >>

[Vice-Chair S. Rechler] Yes.

[K. Eastman] Commissioner Laufenberg? >>

[Comm. G. Laufenberg] Yes.

[K. Eastman] Commissioner Lipper? >>

[Comm. K. Lipper] Yes.

[K. Eastman] Commissioner Steiner? >>

[Comm. D. Steiner] Yes.

[Chair J. Degnan] Okay. By way of explanation, by the way, you're probably noticing that the commissioners all have their heads down at the table. It's not because we're dozing off. There are screens, monitors, on the table here that focus our eyes downward. I don't want to offend anybody here by pretending to be uninterested. And you're welcome to come up during the break or afterwards to see what it looks like.